

Do the above facts indicate that North Carolina has been or is now an undesirable State in which to locate an industry?

"The State leads the Southeast in all industrial production". This quotation comes from North Carolina's Department of Conservation and Development.

If North Carolina's tax structure has been inequitable or unfair in the past two decades, why does North Carolina rank as the leading industrial state in the southeast?

During the six years including 1951 to 1956, 1,321 foreign corporations have domesticated in North Carolina.

Since 1950, 12 of the 25 domestic life insurance companies have organized in this state; and 9 of these 12 have been chartered during the past twenty-eight months.

Under the provisions of the present Revenue Act, if any corporation "believes" that the method of allocation or apportionment will so operate as to subject it to a greater portion of its net income than is reasonably attributable to the business earnings within this state, it can appeal to the North Carolina Tax Review Board. The Tax Review Board, under Sub-Section A, is authorized to add to or substitute the ratios involving the factors of sales, wages and commissions. Or, under Sub-Section B, "Separate Accounting" may be employed if this method more nearly reflects the income attributable to this state. And, under sub-Section C, if neither the allocation formula nor the alternate formulas satisfy the corporation, then the corporation may submit a formula of its own design which more clearly reflects the income attributable to their business within this state.

Now, if the Tax Review Board finds that the allocation formula and the alternate formulas allocate too much of the total income of the corporation than is reasonably attributable to earnings within this state, "it shall" determine by such other method as it shall find best calculated to assign to this state the portion of net income reasonably attributable to this state.

It would seem that, under this flexible formula, every corporation doing business in a multi-state operation, could find, through the Tax Review Board, relief from having to pay an inequitable portion of its tax responsibility to this state.

Since 1953, when the present allocation formulas were enacted and provision was made for the creation of the flexible formulas, the Tax Review Board has handled 81 cases involving 57 corporations, 8 of which were given pre-determined formulas, and 34 of the 57 corporations received orders relating to income tax only.

The foregoing would indicate that the Tax Review Board has stood ready and willing to grant relief to any corporate tax-payer under the very flexible law now existing.

The tax revision program recommended in the proposed Revenue Bill now before the 1957 General Assembly would favor industries which have